

Appendix C: State and Federal Resources

Available to Support the Goals and Needs Outlined in the 2005-2009 Consolidated Plan

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Federal Resources

Federal Funds Covered by the Consolidated Plan

The Commonwealth of Massachusetts has established a number of specific funding channels through which it allocates the funds it receives from HUD under the four programs cover by this Consolidated Plan. These programs enable the Commonwealth to equitably distribute funds to address its highest priority needs in each of the funding categories: affordable housing (including lead paint abatement), homelessness, special needs, and community development. The components of the Massachusetts CDBG, HOME, HOPWA, and ESG Programs are briefly described below. Full program description and guidelines are available from DHCD's website at www.mass.gov/dhcd/progbook.

Community Development Block Grant

Expected FY 2006 Funding: \$34,330,839

Administering Agency: DHCD, Division of Community Services (617) 573-1400

The Mass CDBG Program is divided into the following program components, each serving a different purpose or level of need.

- **Community Development Fund (CDF)**

Expected FY 2006 Funding: \$17,523,789

A component of the Massachusetts Community Development Block Grant Program, CDF supports revitalization efforts and addresses the needs of low and moderate income residents by supporting housing as well as community and economic development activities in Massachusetts cities and towns. The fund is divided into two parts for purposes of allocation: CDF I (\$14,023,789 available) is for communities with high needs as defined by a statistical formula; CDF II (\$3,500,000 available) is for communities with more moderate needs.

- **Housing Development Support Program (HDSP)**

Expected FY 2006 Funding: \$4,800,000

The Housing Development Support Program (HDSP) is designed to facilitate small project-specific affordable housing initiatives with emphasis on development, preservation or improvement of housing units, which may not be cost-effective under alternative development assistance programs or with conventional financing. HDSP funding is generally limited to projects containing fewer than eight units. Projects involving the rehabilitation of existing housing units in downtown and village center buildings, or the conversion to housing of upper story space in downtown and village center buildings, as well as other adaptive reuse proposals, may consist of up to 10 units.

- **The Economic Development Fund**

Expected FY 2006 Funding: \$500,000

The Economic Development Fund provides a broad range of economic and community development projects, including: assistance to small businesses; loans or grants for working capital, machinery and equipment, or other business improvements; pre-development studies; economic development planning projects; and public facilities, infrastructure, or public services supporting economic development. Eligible uses are planning, construction, rehabilitation, purchase of machinery and capital equipment, working capital, credit

refinancing, incumbent workforce training, real estate acquisition, or public services programs. The program has two components:

- **Grants to Communities**
Provides grants to communities for a wide variety of small-to-medium sized economic development projects.
- **Loans to Individual Businesses and Other Entities**
Provides grants to communities to provide loans to businesses for eligible purposes, including industrial, commercial, real estate and mixed use development projects.
- **Mini Entitlement Program**
Expected FY 2006 Funding: \$9,600,000
Municipalities are designated Mini-Entitlement communities if they meet **five of the six** following criteria: (1) Community Wide Needs Score of 27 or higher; rank within the top 30 percent in the state in: (2) population, (3) percentage of low- and moderate-income persons, (4) the number of pre-1939 housing stock, (5) population density; and (6) have a population that is equal to or greater than 51 percent low- and moderate-income persons. Through this program, identified cities and towns can meet a broad range of community development needs in housing, business development, physical development, downtown revitalization, and public social services in identified target areas. It supports all CDBG-eligible activities and encourages applicants to develop comprehensive, creative solutions to local problems. In FY 2006, 16 municipalities have been designated as Mini-Entitlements eligible to receive up to \$600,000 each.
- **Section 108 Loan Guarantees**
Expected FY 2006 Funding: \$2,000,000 (does not impact CDBG allocation)
Section 108 Loan Guarantees are HUD loans to assist businesses and developers for CDBG-eligible purposes, including industrial, commercial, real estate, housing and mixed-use projects.
- **Bridge Finance Program**
Expected FY 2006 Funding: \$5,000,000 (does not impact CDBG allocation)
The Bridge Finance Program provides short-term loans enabling communities to borrow against the Commonwealth's CDBG allocation for housing & economic development projects.

HOME Investments Partnership Act (HOME)

Expected FY 2006 Funding: \$14,085,789

Administering Agency: DHCD Division of Housing Development (617) 573-1300

DHCD is the state's administering agency for HOME funds. The Agency intends to continue awarding the majority of its HOME funds competitively, with priority being given to projects located in municipalities not receiving HOME funds directly from HUD. A state match of \$1 for every \$4 of federal money is a requirement of the HOME Program. As in past years, the state match will be the Massachusetts Rental Voucher Program. Annual expenditures through this program is approximately \$23 million. (States are allowed to "bank" match, so this expenditure level is sufficient to ensure funding for many years.) In addition, we have the State Housing

Stabilization Fund available for match, with an annual expenditure level of approximately \$14 million.

DHCD will administer three HOME programs: multi-family rental housing loans, homebuyer assistance and the American Dream Downpayment Initiative (ADDI).

- **Multi-Family Rental Housing Loans**

Expected FY 2006 Funding: \$9,550,000

DHCD expects to commit approximately \$8.8 million to rehabilitate or newly construct a minimum of 208 HOME-assisted housing units. Typically, DHCD awards up to \$50,000 per unit in HOME assistance to projects located in HOME entitlement or consortium communities. In non-entitlement or consortium communities, DHCD awards up to \$65,000 per unit. Typically, a maximum of \$750,000 is awarded to a project.

DHCD intends to make the remaining \$750,000 available to assist suburban cities and towns in facilitating the new production of affordable rental properties through the Suburban Rental Development Pilot Production Program. The pilot program will provide intensive technical assistance from the Massachusetts Housing Partnership Fund (MHP), pre-development funding through DHCD and MHP and permanent financing from DHCD and MHP. The community also must contribute to the project, but no additional capital subsidy sources will be permitted.

- **Homebuyer Assistance**

Expected FY 2006 Funding: \$2,580,755

DHCD expects to award approximately \$2,580,755 million dollars in project based homebuyer funds to construct or rehabilitate approximately 50 single-family homes for sale to eligible first-time homebuyers through this program. Typically, a maximum of \$750,000 is awarded to a project.

- **American Dream Downpayment Initiative (ADDI)**

Expected FY 2006 Funding: \$329,395 included in HOME Total

This component of the HOME Program will be awarded annually by formula. Funds can only be used to provide down payment assistance to enable low-income renters with household incomes at or below 80 percent of the area median to purchase their first home. ADDI awards will be made to approximately 33 eligible buyers. In addition, we expect to use approximately \$250,000 in HOME Homebuyer Assistance or de-obligated HOME Administrative funds to provide an additional \$250,000 to the ADDI program. This will assist an additional 25 eligible buyers. A maximum of \$10,000 is awarded to eligible applicants.

Housing Opportunities for Persons with AIDS (HOPWA)

Expected FY 2006 Funding: \$217,615 (\$39,615 carried forward from previous fiscal year)

Administering Agency: MDPH HIV/AIDS Bureau (617) 624-5300

The Massachusetts Department of Public Health (MDPH), the state's administering agency for HOPWA funds, uses HOPWA in conjunction with state dollars to fund supportive housing services for people living with HIV/AIDS and technical assistance services for HIV/AIDS housing programs. Agencies receiving funding to provide these services are selected during competitive procurement processes that take place every seven to nine years. The most recent Request for Response (RFR), which was released during state fiscal year 2005, procured housing services to be funded with both HOPWA and state dollars. Technical assistance services will be procured

during state fiscal year 2006. The HIV/AIDS Bureau selects agencies to be supported with its limited allocation of HOPWA dollars by considering those which are geographically located outside HOPWA Eligible Metropolitan Statistical Areas (EMSAs) and those that provide services statewide. Services currently supported by HOPWA funds are described below.

Supportive Housing Services

Foley House, AIDS Support Group of Cape Cod

Foley House is a ten-unit supportive housing program for people living with HIV/AIDS, located in Provincetown. Foley House offers permanent, congregate housing in an area with a dense concentration of people living with HIV/AIDS, high housing costs, and a limited supply of affordable housing options. HOPWA funds support program staff who connect residents to medical care and supportive services through on-site programs and local service providers. All of the program's residents have histories of homelessness, and many have challenges related to substance use, mental health, and daily living skills.

Technical Assistance Services

AIDS Housing Corporation

AIDS Housing Corporation (AHC) offers technical assistance services to agencies providing housing for people living with HIV/AIDS. Services funded with state HOPWA dollars include program support (one-on-one technical assistance), needs assessment, program evaluation, and training services. AHC also provides technical assistance to funders of HIV/AIDS housing services and convenes a regular meeting of all HOPWA formula grantees in Massachusetts and part of Rhode Island.

In offering program support, AHC assists agencies with establishing and updating operational policies and procedures, understanding and maintaining compliance with funding regulations, developing tenant selection policies, and assuring compliance with standards of care. The agency's training series educates HIV/AIDS supportive housing program staff about standards of care; outcome evaluations; tenant selection policies and practices, including those related to criminal record inquiries and immigration status; and working with clients who have substance use and mental health issues.

Emergency Shelter Grants (ESG)

Expected FY 2006 Funding: \$2,557,001

Administering Agency: EOHHS, Department of Transitional Assistance (617) 348-5936

The Department of Transitional Assistance, within the Executive Office of Health and Human Services (EOHHS), administers the distribution of federal ESG funds to assist homeless programs and communities across the Commonwealth. ESG supports provision of the most basic shelter, services, and assessment efforts including emergency shelter, case management support for homeless families and individuals, tenancy preservation programs, substance abuse counseling, housing search, job training, and services to homeless ex-offenders, battered women and veterans. Funding can also be used to improve the quality and quantity of shelter facilities, to meet the costs of operating the shelters, to provide assessment and transitional services to homeless persons, or to prevent homelessness.

Administered as a block grant program, ESG has been used to expand shelter capacity and enhance the availability of services for homeless individuals and families. Requiring a dollar-for-dollar match of the federal share, ESG funds are available to states, metropolitan cities, urban counties, and territories. Approximately 9,100 individuals and families were served in FY 2005 with an allocation of \$2,534,851.

Federal Resources

Other Federal Financial Resources

Community Services Block Grant (CSBG)

Expected FY 2006 Funding: \$15,636,706

Administering Agency: DHCD, Division of Community Services (617) 573-1400

CSBG provides funding for an array of services and activities to support the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals to become self-sufficient. The federal government annually appropriates CSBG funds to the state, which DHCD allocates to 25 community-based nonprofit community action agencies (CAAs). CAAs use CSBG funds to plan and implement a wide range of social service programs such as self-sufficiency, housing assistance, child care, youth and family development, teen pregnancy prevention, elderly services, educational programs, emergency services, income management, employment training, energy assistance, domestic violence prevention, health services, rural transportation, small business development, and nutrition assistance.

Within CSBG, a Special Projects program, funded with a five percent set aside (\$781,835), authorizes the Director of DHCD to support a variety of eligible and innovative anti-poverty and self-sufficiency initiatives at her discretion. During fiscal year 2006, the Division of Community Services will identify several priority categories for funding, and awards will be made on a rolling basis.

Housing Choice Voucher Program (Section 8)

Expected FY 2006 Funding: \$221,600,000

Administering Agency: DHCD, Division of Public Housing & Rental Assistance (617) 573-1150

Massachusetts receives funding from the federal government for several types of Section 8 rental assistance. The bulk of these funds (\$200,000,000 in FY 2006) are provided under the Section 8 Housing Choice Voucher Program (HCVP) administered statewide by DHCD and 8 regional non-profit organizations. A percentage of DHCD's HCVP portfolio (limited by federal regulation to a maximum of 20% of HCVP budget authority) is dedicated to the Section 8 Project-Based Voucher (PBV) Program. This program permits long term Section 8 contracts for existing, recently rehabilitated or newly constructed rental housing. An additional \$21,600,000 represents rental assistance tied to specific projects under the Section 8 New Construction, Moderate and Substantial Rehabilitation Programs, a program no longer funded by Congress (with the exception of the Section 8 SRO Moderated Rehabilitation program tied to the McKinney program discussed below.)

Approximately 130 local housing authorities also administer the Section 8 Housing Choice Voucher Program with federal funds that are allocated directly to them. A small number of these agencies also dedicate a percentage of their HCVP funds to the project-based voucher program. Their funding is not included in this total.

In response to a request from the Department of Mental Health (DMH), DHCD has established a set aside of up to 118 Section 8 HCVP vouchers to provide housing opportunities to DMH clients. This collaboration is also related to the Commonwealth's Olmstead planning process. DMH will provide all program participants with supportive services as needed.

In response to a request from the Department of Mental Retardation (DMR), DHCD has established a set aside of up to 135 Section 8 HCVP vouchers to provide housing opportunities to DMR clients in order to assist DMR in meeting its agreement to provide community placements for over 3,000 individuals with mental retardation and developmental disabilities as a result of two class action lawsuits, *Rolland v. Cellucci* and *Boulet v. Cellucci*. DMR will provide all program participants with supportive services as needed.

In response to a request from the Massachusetts Rehabilitation Commission (MRC), DHCD has established a set aside of up to 122 Section 8 HCVP vouchers to provide housing opportunities to clients of MRC (including clients of MRC funded ILCs and SHIP clients). This collaboration is also related to the Commonwealth's Olmstead planning process. MRC will provide all program participants with supportive services as needed.

Low Income Home Energy Assistance Program (LIHEAP)

Expected FY 2006 Funding: approximately \$86,475,126

Administering Agency: DHCD, Division of Community Services (617) 573-1400

DHCD's Division of Community Services administers approximately \$78 million annually to assist low-income households in meeting the high costs of home heating. The state has committed to supplementing this funding with an additional \$20 million. Approximately 138,269 households will be assisted in federal FY 2006. Within the LIHEAP funds, \$8.0 million will be set aside in FY 2006 for the Heating Emergency Assistance Retrofit Task Weatherization Assistance Program (HEARTWAP). These funds provide for a comprehensive heating system repair and replacement program for low-income (LIHEAP-eligible) households. This emergency-based program will serve approximately 12,300 households between October 1, 2005 and September 30, 2006.

A network of local sub-grantee agencies, covering every community in the Commonwealth, manages these programs, which help maintain affordable housing by reducing energy costs for low-income residents.

Low Income Housing Tax Credits (LIHTC)

Expected FY 2006 Funding: \$12,200,000

Administering Agency: DHCD, Division of Housing Development (617) 573-1300

The LIHTC program, under which investors receive a stream of credits against their federal taxes in exchange for providing funds for low income housing, supports the construction or acquisition and substantial rehabilitation of low-income family housing, as well as special needs housing and low-income housing preservation. At least 20 percent of the units must be reserved for and made affordable to persons with incomes 50 percent or less than the area median gross income *or* at least 40 percent of the units must be made affordable for persons with incomes 60 percent or less than the area median income. DHCD also requires that sponsors reserve 10 percent of the total number of units for persons or families earning less than 30 percent of AMI. DHCD expects to create or preserve 1,200 units of housing with tax credits allocated in calendar year 2006. DHCD has identified tax credit priorities in harmony with the housing priorities identified in the 2005 Consolidated Plan. In the 2006 Qualified Allocation Plan, provision is made to give consideration to projects that fulfill several Consolidated Plan priorities, including:

- expansion of the supply of housing affordable to a broad range of incomes
- preservation of affordable housing developments at risk of expiring use and Section 8 opt-out

- provision of housing opportunities for formerly homeless individuals and families
- linking affordable housing with plans to help residents access services
- creation of special needs housing, including assisted housing for the elderly

DHCD holds two competitive funding rounds each year. For calendar year 2006, we expect that applications for the first and second rounds will be due on February 16, 2006 and September 8, 2006, respectively.

Low Income Weatherization Assistance Program (WAP)

Expected FY 2006 Funding: approximately \$6,968,249

Administering Agency: DHCD, Division of Community Services (617) 573-1400

The U.S. Department of Energy's Weatherization Assistance Program provides funds for weatherization improvements in residential units occupied by low income persons. Weatherization improvements include air sealing, attic and/or sidewall insulation, weather-stripping, and minor repairs associated with the weatherization work. The conservation services provided will reduce the average household's heating cost by about 23 percent. DHCD's Community Services Division, the administering agency, expects that its FY 2006 allocation of \$6.97 million will provide comprehensive energy conservation retrofit services to an expected 2,806 low-income households. The FY 2006 program year runs from April 1, 2006 to March 31, 2007.

McKinney Act Resources

Expected FY 2006 Funding: \$49,006,274

Lead Agency: EOHHS, Department of Transitional Assistance (617) 348-5936

The Commonwealth of Massachusetts operates a wide variety of transitional and permanent Supportive Housing and Shelter Plus Care programs with federal McKinney funding for homeless families and individuals with disabilities. The Department of Transitional Assistance (DTA), the Executive Office of Health and Human Services (EOHHS) and the Department of Housing and Community Development (DHCD), together with numerous community-based organizations, provide housing and support services to meet the critical housing and health needs of our citizens with disabilities.

Emergency Service Grants (covered by the Consolidated Plan and described above are considered a component of the McKinney Homeless Resources). Additional components include:

- Supportive Housing Demonstration Program (SHDP): SHDP was created to develop and support innovative approaches to combining housing and supportive services for homeless individuals and families, with an emphasis on those with special needs. The program was authorized by the Stewart B. McKinney Homeless Assistance Act of 1987. The program was renamed the Supportive Housing Program, and became permanent upon enactment of the Housing and Community Development Act of 1992. The program provides transitional housing for individuals and families and permanent housing for handicapped homeless persons. The transitional program enables homeless individuals who previously resided in shelters or other temporary residential settings to achieve independent living.
 - Transitional Housing (TH): A component of SHDP, TH provides clients with up to, but no more than, 24 months in a transitional housing facility, during which time they are encouraged and supported in their efforts to regain permanent housing. Recipients of TH grants receive advances for housing acquisition, rehabilitation, and, in limited instances, new construction, and/or may receive 5-

year grant awards for program operations and supportive services. Both types of assistance are subject to matching fund requirements and stipulate that grant recipients must provide housing and support services for a minimum of 10 years (20 years for the earliest projects).

- Permanent Housing (PH): A component of SHDP, PH provides independent living for homeless individuals with a chronic disability. Often an alternative to institutionalization, the PH program has funded projects to provide community-based, long-term housing and supportive services. Recipients of SHDP PH grants were required to integrate the housing into a neighborhood setting and to operate a project for at least 10 years (20 years for the earliest projects). Like TH projects, PH projects have been subject to matching fund requirements.
- Shelter Plus Care (SPC): The SPC program targets the hardest to serve homeless population, those with mental and physical disabilities who are living on the street or in shelters. SPC is a competitive grant program that provides rental assistance funded by HUD that is to be matched with an equal or greater dollar value of supportive services from other Federal, State, local, or private funding sources. Four different delivery mechanisms include sponsor-, project-, and tenant-based assistance, in addition to support for Section 8 SRO facilities in the form of an operating expense subsidy. Assistance provided to projects is available for 10 years; assistance to sponsors and directly to tenants is available for 5 years. Three rounds of SPC grants have been awarded by HUD and existing programs are now renewed annually through the Super NOFA process.
- Section 8 Moderate Rehabilitation for Single Room Occupancy Dwellings (SRO): The purpose of the program is to provide funding to rehabilitate existing structures to create SRO housing for homeless individuals of very low income. Funds are made available through a national competition. SRO units are designed to allow homeless individuals to obtain permanent housing in a setting that combines communal living with a modicum of privacy. Section 8 subsidy payments fund a project for a period of 10 years in the form of rental assistance in amounts equal to the rent, including utilities, minus the portion of rent payable by the tenants. The rental assistance funds the repayment of acquisition and rehabilitation costs necessary to create safe and decent housing.

The program targets homeless persons capable of independent living, including those afflicted by mental illness, physical handicaps, or substance abuse. Awarded as a competitive grant, the SRO program's selection criteria encourage, but do not require, that recipients integrate supportive services into the housing package.

- Supplemental Assistance to Facilities to Assist the Homeless (SAFAH): Available as a supplement to other McKinney programs, SAFAH assistance supports innovative homeless initiatives. Competitively awarded, assistance was available for creating new facilities and upgrading existing facilities, including emergency, transitional and permanent housing, supportive services and for operating expenses. Depending on its type, assistance remained available for 1 to 3 years.

New Markets Tax Credit (NMTC)

Enacted by Congress in December 2000, the NMTC program authorizes tax credits for the financing of economic development in low-income communities. The tax credits are available to

investors in community development entities, which will use the proceeds to make loans and investments in businesses located in low income communities. The credits can bridge financing gaps; create new partnerships among investors, communities, businesses, and government; and generate jobs, services and revitalization in distressed areas, in much the same way that LIHTCs did for affordable housing. In the most recent funding round (summer 2004), five Massachusetts entities were awarded \$272 million in New Markets financing. The Massachusetts Housing Investment Corporation (MHIC) received \$90 million, while MassDevelopment and Boston Community Capital each received funding allocations of \$70 million.

Section 202 Elderly Housing

Funds for this program are awarded directly to project sponsors on the basis of a competition for a regional allocation of funds. In recent years, 5-6 projects have been awarded funds under this highly competitive program, enabling them to create, on average 130 new units per year. DHCD expects this level of funding to continue during 2005-2009.

Section 8 for Homeownership Initiative

Under the Section 8 Homeownership Initiative, rental assistance recipients are allowed to use their vouchers to qualify for a mortgage. Participants must earn a minimum of \$10,300 per year, work full-time, and be purchasing a single-family home. This Section 8 initiative is administered by a very small number of local housing authorities throughout the Commonwealth.

Section 811 Special Needs Housing

Funds for this program are awarded directly to project sponsors on the basis of a competition for a regional allocation of funds. In recent years, 5-6 projects have been awarded funds under this highly competitive program, enabling them to create, on average 30 new units per year. DHCD expects this level of production to continue through 2009.

USDA Rural Development

Administering Agency: USDA Rural Development State Office, Amherst, MA (413) 253-4302

The U.S. Department of Agriculture (USDA) Rural Development mission area was created in 1994 as a result of the USDA reorganization. Rural Development forges partnerships with rural communities, funding projects that bring housing, community facilities, utilities and other essential services. USDA Rural Development offers programs in three areas of community development: Housing, Utilities and Business. USDA Rural Development's mission is to increase economic opportunity and improve the quality of life for all rural Americans.

Rural Housing Programs:

Rural Housing Programs help finance safe, sanitary housing for citizens living in rural areas of low- to moderate-income levels in rural communities with populations of under 10,000 (however, certain communities with up to 20,000 may be eligible). Programs consist of single family homeownership, development of multiple family/elderly rental units, and home improvement for existing homeowners.

- Single Family Homeownership: There are two (2) types of single-family homeownership loans: direct or guaranteed. The purpose is to provide financing with little or no down payment at favorable rates and terms either through a direct loan from Rural Development or a guaranteed loan through a private financial institution. Over \$14.7 million was funded in Fiscal Year 2005 providing 91 units of single family housing. For Fiscal Year 2006 (10/1/05-9/30/06), funding levels should be similar to FY 2005 and are as estimated as follows:

- Over \$8.1 million will be available for Section 502 direct loans.
- Over \$9.3 million for Rural Housing guaranteed loans.
- Multifamily Housing Programs (MFH): MFH provides for the development, repair and subsidies of low income rental housing complexes. There are currently 69 elderly and non-elderly apartment complexes representing 2,048 units of subsidized housing. For federal FY 2006, funding levels are estimated as follows:
 - A national allocation of \$65 million in Direct Section 515 funding.
 - A national allocation of \$100 million for Guaranteed Section 538 Rural Rental Housing loan funds.
- Home Improvement Loans: Home improvement loans and grants help elderly and low income homeowners remove health and safety hazards, such as failing septic systems, contaminated wells and leaking roofs, to name a few. Over \$297,000 was funded in Fiscal Year 2005 providing repairs and renovation to 59 units of single family housing. For federal FY 2006, funding levels are expected to be as follows:
 - \$168,000 for Section 504 single-family repair loans and \$181,000 for Section 504 single-family grants.
 - Housing Preservation Grant (HPG) funding will also be available in an amount similar to prior year's levels of \$40,000 for use by eligible non-profit organizations and municipal entities to fund a repair or rehabilitation program on a local level.

The MFH and HPG programs are formally announced through a Notice of Funding Availability (NOFA). All of these programs strongly encourage and sometimes require leveraging of funds with other organizations.

Community Facilities Program:

Rural Development can make direct or guaranteed Community Facility loans and grants in rural towns with a population of up to 20,000. These loans and grants can be used for essential community facilities such as health care clinics, hospitals, municipal facilities, and adult and child day care facilities. Funding may also be provided for fire and rescue vehicles and public safety equipment. Eligibility is available to towns, municipal districts and not-for-profit organizations with over \$17.8 million in assistance provided in FY 2005. For Fiscal Year 2006 (10/1/05-9/30/06), funding levels are expected be as follows:

- Over \$2.5 million will be available for direct Community Facilities loans,
- \$128,000 will be available for grants.
- Over \$1.7 million will be available for guaranteed loans through local banks.

Rural Utilities Programs:

The Rural Utilities Program promotes economic development in rural areas of 10,000 persons or less through the Water and Waste Disposal Loan and Grant Program. Eligible projects include public water and waste water treatment facilities. Funding may also be provided for solid waste management, telecommunications and electrical generating facilities.

Eligibility is available to towns, municipal districts and not for profit organizations with over \$26 million in assistance provided in FY 2005. For federal FY 2006, funding levels are expected to be as follows:

- Over \$8.6 million will be available for direct loans.
- Over \$2.8 million will be available for grants

The Rural Utilities Program also offers a Distance Learning and Telemedicine Loan and Grant Program. The Distance Learning and Telemedicine (DLT) Program is specifically designed to meet the educational and health care needs of rural America through the use of advanced telecommunications technologies. With DLT loans, grants, and loan-grant combinations, RUS helps rural communities enjoy enhanced educational opportunities, improved health care services and greater economic development.

The DLT Program provides three kinds of financial assistance: 1.) 100% grant; 2.) 100% loan; 3.) combination loan-grant. The minimum amount of a grant is \$50,000. The maximum amount of a grant is \$500,000. Amounts available under the DLT Grant, Loan and Combination Loan-Grant Programs for FY 2006 are expected to be as follows:

- Grants: \$20.8 million
Minimum: \$ 50,000
Maximum: \$500,000
- Loans: \$9.6 million
Minimum: \$50,000
- Combination Loan-Grants: \$44 million
Minimum: \$ 50,000
Maximum: \$500,000

Rural Business Programs:

The Rural Business Program provides guaranteed Business and Industry (B&I) loans to rural businesses located in communities of less than 50,000 persons in order to improve, develop and finance industry and employment. The goal is to improve the economic climate in rural communities with over \$16.8 million in assistance provided in FY 2005. For federal FY 2006, funding levels are expected to be as follows:

- Over \$6.5 million will be available for guaranteed loans.

Rural Business Enterprise Grants (RBEG) are available to public bodies, nonprofit corporations, and federally recognized Indian Tribes to finance and develop small and emerging private business enterprises with over \$405,000 in assistance provided in FY 2005. For federal FY 2006, funding levels are estimated at approximately \$153,000.

The Rural Business Program also provides Cooperative Services, which are available to help rural residents, form new cooperatives and improve the operations of existing cooperatives through loans, grants, technical assistance, research, education, history and statistics.

The Rural Business Program offers the Value-Added Agricultural Product Market Development Grants (VADG). This program was authorized by the Agriculture Risk Protection Act of 2000 and has two primary objectives. The first is to encourage independent producers of agricultural commodities to further refine these products increasing their value to end users. The second objective is to establish an information resource center to collect, disseminate, coordinate, and

provide information on value-added processing to independent producers and processors. Grants may be used for planning activities and working capital for marketing value-added agricultural products and for farm-based renewable energy. Eligible applicants are independent producers, farmer and rancher cooperatives, agricultural producer groups, and majority-controlled producer-based business ventures. The maximum amount that can be awarded is \$500,000, and all VAPG funds must be matched by an equal amount of funds from the applicant or a third party. In 2005, approximately \$13.2 million was available for VAPG grant awards.

State Resources

Financial Resources from Capital* and Operating Budgets

Affordable Housing Trust Fund (AHTF) *

Expected FY 2006 Funding: \$20,000,000

Administering Agency: MassHousing, under contract to DHCD (617) 854-1000

Established by the Legislature in 2000, the AHTF is designed to provide resources for the creation or preservation of affordable housing throughout the state for households whose incomes are not more than 110 percent of median income. The AHTF was funded at \$20,000,000 per year for three years (State Fiscal Years 2001 – 2003) from the state's General Fund. Funding for FY 2003 was later reduced to \$12.5 million. During the first two fiscal years of the program, \$10 million in AHTF funding was used to support the modernization of the state's public housing portfolio. In 2003, the Legislature provided for the capitalization of the AHTF via bond authorizations. The budget language authorized bond issues totaling \$70,000,000 to capitalize the fund over a five-year period (FY 2004 – FY 2008). In FY 2004 and 2005, the AHTF received \$20 million per year in bond cap to fund the program. An additional \$2 million appropriation by the Legislature as part of the FY 2005 budget brought the total state commitment to the program to \$22 million. In 2005, an additional \$100 million was re-authorized for the AHTF.

In the first four years, \$62,757,161 in Affordable Housing Trust Funds were awarded to 105 projects providing a total of 3,953 housing units, 3,168 of which will be affordable. Preference is given to developments that produce new affordable housing units; create units affordable to households with a range of incomes, with a special emphasis on units for households with incomes below 80 percent of the area's median income; or include affordable units for families or for the disabled and the homeless. Preference is also given to projects that propose the longest term of affordability; are sponsored by non-profit organizations; or use private funding sources.

Capital Improvement and Preservation Fund (CIPF) *

Expected FY 2006 Funding: \$1,300,000

Administering Agency: DHCD, Division of Housing Development (617) 573-1300

CIPF was created as part of the 1998 housing bond bill, which authorized DHCD to use \$55 million (\$20 million in 1998 and \$35 million in 2002) in general obligation bond funds for the purpose of preserving and improving existing privately-owned, state or federally assisted housing. CIPF may only be used in connection with housing where the prepayment of a state or federally assisted mortgage would lead to the termination of its affordability restrictions, or housing for which a project-based rental assistance contract is expiring or has expired. The CIPF program provides loans to eligible projects sponsored and developed by community development corporations, for-profit or non-profit corporations.

The CIPF program to-date has awarded over \$31 million in its efforts to support the acquisition, preservation and rehabilitation of 2,725 units of affordable housing throughout the Commonwealth of Massachusetts. During 2006, DHCD anticipates spending approximately \$3 million, depending on the availability of bond spending allocations. All CIPF funded projects must remain affordable for at least 40 years. In addition, a minimum of 50 percent of the total number of units must be reserved for occupancy by low or moderate-income persons and families and a minimum of 5 percent of the total number of units must be reserved for occupancy by very low-income households.

Chapter 707 Rental Assistance

Department of Mental Health (DMH) Rental Subsidy Program

Expected FY 2006 Funding: \$2,500,000

***Administering Agency: DHCD (with DMH) Division of Public Housing & Rental Assistance
(617) 573-1150***

DHCD has a state funded rental assistance program for Department of Mental Health (DMH) consumers. DHCD and DMH work collaboratively to establish program policies and allocate program resources.

Service Provider agencies under contract with DMH lease privately owned rental property. The Service Provider is responsible for selecting the consumers that will reside in the leased property and for coordinating the provision of supportive services to the consumers.

DHCD contracts with Local Housing Agencies (LHAs) to administer the program on the local level. LHAs determine consumer rent shares and subsidy amounts. Consumers pay 30 to 35 percent of adjusted monthly income for rent. The LHA pays the difference (subsidy payment) directly to the property owner.

Commercial Area Transit Node Housing Program (CATNHP) *

Expected FY 2006 Funding: \$2,000,000

Administering Agency: DHCD, Division of Housing Development (617) 573-1300

CATNHP is a state funded bond program available to municipalities, non-profit and for-profit sponsors to support rental and first-time homebuyer housing through new construction or acquisition and rehabilitation. Municipalities, non-profit and for-profit developers are eligible to apply for CATNHP funds. DHCD will offer assistance through an initial demonstration of CATNHP funding to housing projects, within neighborhood commercial areas and in proximity to public transit nodes. In accordance with the enabling statute, not less than 51 percent of the units assisted by the program must benefit persons earning not more than 80 percent of the area median income.

Community-Based Housing Program (CBH)*

Expected FY 2006 Funding: \$5,000,000

Administering Agency: DHCD Division of Housing Development (617) 573-1300

In 2005, the state Legislature authorized \$25 million in bond funds for a new housing program to serve disabled adults who are not clients of the Department of Mental Health or the Department of Mental Retardation (and therefore not FCF eligible). Program guidelines and regulations are currently under development with funds to be made available to eligible sponsors (non-profit groups) in the Department's rental round in February 2005. Community-Based Housing funds will be used as deferred 30-year mortgage loans to cover a maximum of 50 percent of the total development cost of housing developments. In FY 2006, \$5 million in bond cap has been allocated to this program.

Community Development Action Grant (CDAG) *

Expected FY 2006 Funding: \$9,000,000

Administering Agency: DHCD, Division of Community Services (617) 573-1400

The Community Development Action Grant Program (CDAG), funded by the Commonwealth, provides support for publicly owned or managed projects in areas where private investment will not otherwise occur without the CDAG grant. The goal is to stimulate economic development activities that will attract and leverage private investment, create or retain long-term employment and revitalize distressed areas. Eligible activities include installation, construction, alteration, and rehabilitation of publicly owned and/or managed properties such as streets, sidewalks, water and sewer lines, and building facades. In FY 2006, DHCD will expend approximately \$9 million in CDAG grant awards to 14 communities, and in FY 2007 expects to spend approximately \$10 million more. All cities and towns in the Commonwealth are eligible.

Emergency Assistance Family Shelters & Individual Shelters

Expected FY 2006 Funding: \$108,700,000

Administering Agency: EOHHS, Department of Transitional Assistance (617) 348-8400

DTA provides homeless beds and services through two major programs: the Emergency Assistance Family Shelter Program and the Individual Shelter Program. The FY 2006 State Operating Budget included \$73.6 million for family shelters and \$35.1 million for its individual shelters under the Department of Transitional Assistance (DTA).

- Emergency Assistance Family Shelter Program: In FY 2006, DTA expects to receive an estimated \$73.6 million for its family shelter program. This program is the Commonwealth's basic safety net program for homeless families. The program provides a mix of shelter units and support services. It serves families with incomes under \$20,917 per year or 130 percent of the federal poverty level. (Numbers reflect maximum incomes for a family of three.) To qualify, families cannot have assets worth more than \$2,500.
- Shelter Units & Capacity: Families qualify for family shelter units if they have been evicted; have been displaced due to a natural disaster; live in unsafe conditions; or live in unsanitary conditions. (See CMR 106 Chapter 309 for details.) In September of 2005, the Department funded approximately 1,335 family shelter units. This reflects the caseload as of September 2005. This number could be slightly higher by the end of FY 2006. Below is the breakdown of the types of shelter units funded through DTA.
 - Congregate Shelter 63%
 - Scattered Site and Housing Demonstration Shelters 21%
 - Assessment Centers 2%
 - Substance Abuse Shelters 5%
 - Transitional Shelters 10%

In FY 2006, legislative mandates changed eligibility standards from 100% to 130% of federal poverty level. In addition, the new mandates included presumptive eligibility standards for 30 days of shelter for homeless families. The resulting actions have increased family shelter caseload in FY 2006 from previous years.

- Family Shelter Services: Under the congregate shelter system, shelter providers work with the families to help them to become self-sufficient. Staff and families work together to achieve the following: ensure that eligible families are receiving benefits; search for permanent employment; coordinate child care benefits and transportation services; and ensure that housing search services are provided through the Housing Assistance Program. (See description of the Housing Assistance Program below.)

- Family Shelter Housing Search Services: The Department funds the Housing Assistance Program (HAP) that provides services to two different types of clients: EA eligible families who are at-risk of homelessness and EA eligible families who live in DTA homeless shelters. For families living in DTA shelters HAP provides comprehensive housing search services. The HAP system has 11 vendors that cover the entire state system of DTA funded shelters.

To prevent families from becoming homeless, the Department provides the following types of services for at-risk families: tenant/landlord counseling, negotiation, and mediation services; tenant information on eligibility for low income housing assistance; educational workshops and the distribution of education materials specifically related to budgeting and housing issues; and housing search services.

- Individual Homeless Shelters: In FY 2005, the DTA individual shelter account was funded at \$30 million. Funding provided shelter for 2,242 men and 587 women (2,829 total) throughout the Commonwealth. Also provided were day programs, health care, housing search and a food bank. In FY 2006, the Homeless Individual appropriation is funded at \$35.1 million, with \$34.1 million for existing shelter programs and \$1 million for new pilots and initiative programs.

Facilities Consolidation Fund (FCF)*

Expected FY 2006 Funding: \$7,500,000

Administering Agency: DHCD, Division of Housing Development (617) 573-1300

FCF addresses the needs of clients of the Department of Mental Health and the Department of Mental Retardation who are being deinstitutionalized, currently living in inappropriate or unsafe housing, or are presently homeless. FCF funds are used as deferred 30-year mortgage loans to cover a maximum of 50 percent of the total development cost of housing projects. Since 1993, DHCD has committed over \$41 million to projects with nearly 1,130 community-based units created or preserved. In FY 2006, the Department anticipates spending approximately \$7.5 million in FCF. FY 2007 plans call for an additional \$7.5 million in bond cap. Also, in FY 2005, the state legislature authorized an additional \$50 million in FCF bonds.

Home Modification Loan Program for Individuals with Disabilities*

Expected FY 2006 Funding: \$2,000,000

Administering Agency: MRC with CEDAC, under contract to DHCD (617) 204-3600

The Home Modification Loan Program (HMLP) is a program established by the state legislature to provide loans for access modifications. The loans are designed for modifications to the principal residence of elders, adults with disabilities and families with children with disabilities. The intent of the program is to modify homes for improved access to allow people to continue to live independently in their communities. Home modification loans are made available in amounts from \$1,000 to \$25,000. The funds are available through 6 regional provider agencies. The HMLP offers two types of loans, deferred payment loans and amortizing loans, dependent upon the income of eligible households. All loans are secured by a promissory note and a mortgage lien.

Housing Consumer Education Centers (HCEC)

Expected FY 2006 Funding: \$1,000,000

***Administering Agency, DHCD, Division of Public Housing and Rental Assistance
(617) 573-1150***

The HCECs are funded by state appropriations and operated by non-profit housing agencies across the Commonwealth. The goal of the HCEC program is to provide information and education for housing consumers and providers through regionally-specific and statewide coordinated efforts in order to increase housing stability, reduce the incidences of displacement and homelessness, and to strengthen the interdependent network of tenants, landlords, and homeowners across the Commonwealth. HCEC services are targeted to housing consumers who are not served by the Department of Transitional Assistance, including tenants, rental property owners, homeowners, and potential tenants and homebuyers. The HCECs accomplish this primarily through telephone or walk-in contacts and by providing information and referral services, trainings and workshops. Statewide, HCECs serve over 30,000 people per year.

Housing Innovations Fund (HIF)*

Expected FY 2006 Funding: \$10,000,000 with additional \$5,000,000 for Single Room Occupancy (SRO) Initiative

Administering Agency: DHCD, Division of Housing Development (617) 573-1300

The State Legislature authorized \$35 million for the HIF Bond Bill (HIF IV) in 2002 and another \$50 million (HIF V) in 2004 for the creation and retention of alternative forms of housing (e.g., single room occupancy housing; transitional housing for the homeless; limited equity cooperative housing; battered women's shelters and transitional housing for battered women and their families; employer assisted housing; housing in receivership; and lease-to-purchase housing).

HIF provides permanent, deferred payment loans for an initial term of 30 years. Funds may cover up to 50 percent of a project's Total Development Cost. At least 50 percent of the units in HIF projects must be reserved for low-income households, with half of those reserved for very-low income individuals. In state FY 2005, over \$10 million in HIF IV was committed to projects with 600 units of affordable housing for eligible populations.

Housing Stabilization Fund (HSF) *

Expected FY 2006 Funding: \$14,000,000

Administering Agency: DHCD, Division of Housing Development (617) 573-1300

The Housing Stabilization Fund, created in 1993 and further funded in 1998 and 2002 bond bills, supports comprehensive neighborhood redevelopment efforts and the preservation and rehabilitation of affordable housing. In FY 2006, DHCD anticipates spending approximately \$14 million in HSF, depending on the availability of bond spending allocations. The program emphasizes strong community involvement in the design and implementation of efforts that will respond to local priorities for neighborhood improvement and reinvestment. Although DHCD gives priority to applicants proposing to develop and produce new units, the Department remains committed to the goal of preserving and maintaining existing affordable rental stock, and to that end, HSF may be used for either purpose. HSF specifically targets the production or preservation of housing for people age 60 and over and for families and individuals with incomes at or below 30 percent of area median. The Housing Stabilization Fund program to-date has expended approximately \$142 million in its efforts to support the acquisition, rehabilitation or new construction of over 6,000 units of affordable housing units.

Eligible applicants for HSF are for-profit and non-profit developers, local housing authorities or municipal entities in cooperation with for-profit or non-profit developers. The minimum project size is five units. Maximum funding amount per application is \$750,000. The maximum per HSF-assisted unit is \$50,000 in HOME Program entitlement/HOME consortium communities, \$65,000 elsewhere. Applicants may seek HSF funds either as a single public source or in combination with

other public funds, such as Low-Income Housing Tax Credits, Affordable Housing Trust funds, Housing Innovation funds, Facilities Consolidation funds, local HOME funds, etc., but, presently, they may not be combined with DHCD HOME funds.

DHCD hopes to make available \$1 million of Housing Stabilization funding to assist suburban cities and towns in facilitating the new production of affordable rental properties through the Suburban Rental Development Pilot Production Program. The pilot program provides intensive technical assistance from the Massachusetts Housing Partnership Fund, pre-development funding through DHCD and MHP and permanent financing from DHCD and MHP. The Towns of Westford, Bedford and Truro have been chosen to participate in the pilot program and are well underway with their plans to develop new affordable family rental units.

Local Housing Authority Transitional Housing Program (LHATHP)

Expected FY 2006 Funding: \$1,700,000

Administering Agency: DHCD Division of Public Housing & Rental Assistance (617) 573-1150

In response to the Governor's initiative to reduce the number of homeless families in shelters, DHCD embarked on a joint initiative with the Department of Transitional Assistance (DTA) to re-establish a successful transitional housing model from the early 1990's, the Local Housing Authority Transitional Housing Program (LHATHP). DTA has provided DHCD with \$1.7 million annually since June 2004, to implement and administered this program which targets homeless families in DTA funded shelters who are in need of transitional housing and services. The model uses state-aided public housing units as transitional housing sites where homeless families can stay while they receive case management and support service targeted to promote self-sufficiency. Families that successfully complete the transitional stay in the program, which is between six to twelve months, are offered the opportunity to go under lease with the sponsoring housing authority, usually in the same unit the family has spent its transitional stay in. To date, nine local housing authorities administer the LHATHP, with a total statewide transitional unit commitment of 94 units. This program has proven to be a cost effective way to provide transitional services to homeless families as well as provide permanent affordable housing to them.

MassAccess Housing Registry

Expected FY 2006 Funding: \$84,000

Administering Agency: Massachusetts Rehabilitation Commission (MRC) (617) 204-3600

Through a nonprofit vendor, Citizens Housing and Planning (CHAPA), MRC administers the Mass Access Housing Registry. The Housing Registry is an on-line computer database listing accessible and adaptable housing statewide at www.massaccesshousingregistry.org. The system keeps track of available units (an average of 60 are available at any one time) and disseminates this information on –line as well as through the Independent Living Centers (above). The system has been very successful in assisting people with disabilities including homeless persons and families to locate appropriate housing. In addition to the listings of accessible housing, the site provides important housing search information and updates such as on open Section 8 lists.

Massachusetts Downtown Initiative (MDI)

Expected FY 2006 Funding: \$90,000

Administering Agency: DHCD, Division of Community Services (617) 573-1400

DHCD's MDI assistance efforts are designed to foster downtown revitalization as an integral part of community development. In order to meet diverse needs, the MDI provides: 1) direct technical

assistance to communities, including site visits and consultant assistance (approximately seven grant awards for consultant assistance); 2) a comprehensive Web site addressing topics such as forming a downtown organization, adopting design guidelines, upper story development, and undertaking a façade restoration effort; and, 3) a workshop series addressing topics relating to downtown revitalization.

Public Housing Modernization and Development *

Expected FY 2006 Funding: \$52,300,000

Administering Agency: DHCD, Division of Public Housing & Rental Assistance (617) 573-1150

DHCD has approximately \$52.3 million in FY 2006 and expects to fund about 400 capital improvement projects directly related to maintaining the health and safety of residents, modernizing and preserving the state's portfolio of affordable, public housing. In FY 2006, DHCD will also allocate \$1 million for new construction activities.

MassDEP (formerly Department of Environmental Protection) Programs *

Expected FY 2006 Funding: \$500,000,000 (approximate)

Administering Agency: MassDEP, Division of Municipal Services (617) 292-5779

MassDEP, in conjunction with the Massachusetts Water Pollution Abatement Trust, administers two State Revolving Funds (SRF) for water pollution abatement projects and drinking water protection projects.

- Clean Water SRF: The Clean Water SRF provides financial assistance for the planning, design, and construction of water pollution abatement projects that will assist municipalities in complying with federal and state water quality requirements. The assistance takes the form of low interest loans. The interest rate for projects approved in calendar year 2005 will be 2 percent. Eligible activities include: wastewater treatment facilities (construction and upgrade), infiltration/inflow correction, wastewater collection systems, control of combined sewer overflows, community programs for upgrading septic systems, storm water remediation, and land acquisition. In recent years the program has operated with \$300 to \$350 million per year, financing 40 to 50 projects annually. Communities must apply and be rated by DEP on a priority ranking system, which emphasizes demonstrable water quality benefits, elimination or mitigation of public health risks, and achieving or maintaining compliance with water pollution control requirements.
- Drinking Water SRF: The Drinking Water SRF provides assistance to Public Water Suppliers for construction of projects needed to maintain compliance or further the public health goals and requirements of the state drinking water regulations and the federal Safe Drinking Water Act. The assistance takes the form of low interest loans. The interest rate for projects approved in calendar year 2005 will be 2 percent. Eligible activities include the construction or upgrade of drinking water treatment facilities, replacement of aging transmission and distribution pipes to prevent contamination, construction and rehabilitation of standpipes, and projects to rehabilitate or develop water sources to replace contaminated sources. This program currently operates at a level of approximately \$110 million per year, financing 20 to 25 projects annually. Public Water Suppliers must apply and be rated by DEP on a priority ranking system that assesses the severity of the public health risks to be mitigated and the effectiveness of the project in achieving or maintaining compliance with state and federal drinking water requirements.

Mixed Population Service Coordination Program

Expected FY 2006 Funding: \$490,000

Administering Agency: DHCD Division of Public Housing & Rental Assistance (617) 573-1150

This essential program was created to service the needs of young disabled and elderly tenants of Chapter 667 state public housing. The current funding level provides for 21 grants awarded to service coordinators to address the needs of public housing residents in 30 communities (in over 4,500 units). These coordinators assure links to critical social and health services, foster a sense of community within developments, and work to stabilize the tenancies of multi-problem and special needs residents. Individual assistance as well as group activity and programming are provided to target an aging and increasingly frail population in our developments. Service coordinators also link young disabled residents to needed services and in some cases enable better coexistence between the young and the old in these housing communities. In an average year, an estimated 3,400 people will receive services statewide.

Public Housing Operations

Expected FY 2006 Funding: \$34,871,170

Administering Agency: DHCD Division of Public Housing & Rental Assistance (617) 573-1150

Massachusetts is one of only a few states that operate a purely state-funded public housing program. Approximately 50,000 units of housing for families, the elderly and persons with disabilities are administered by 242 local housing authorities and four regional housing authorities, each with its own board of commissioners but overseen by DHCD. The units house those with incomes up to 80 percent of AMI, but the household income of the vast majority of tenants is at or below 30 percent of AMI. Residents pay 27 to 32 percent of their income for rent (depending on which utilities are included in the rent). These developments were constructed with state capital grants, and state operating subsidies are provided for those authorities that operate at a deficit.

The portfolio of state public housing units includes 32,400 units for elderly and disabled households, 15,736 units for families, and 1,879 units for individuals with special needs, primarily group homes for clients of the Department of Mental Retardation and the Department of Mental Health. The oldest units (about 12,700 of the family units) were built about 55 years ago, while the majority of the senior housing units were built in the 1960's and 1970's. Most developments are small (less than 100 units) and low to medium density (one or two stories). There are no high-rise family developments.

In FY 2006, \$34.9 million in state funding was appropriated for these subsidies. An additional supplementary budget is anticipated to cover utility cost increases.

Public Housing for Special Populations

Expected FY 2006 Funding: \$6,632,371

Administering Agency: DHCD, Division of Public Housing & Rental Assistance (617) 573-1150

DHCD has established collaborative working relationships with state social service agencies serving special populations. Through these efforts, DHCD has forged strong links between housing authorities and local service providers that benefit public housing tenants. This integrated team approach to housing and services is essential, given shifting demographic and policy trends.

- **Supportive Senior Housing**

Expected FY 2006 Funding: \$1,942,371

To serve the increasing number of senior citizens that are “aging in place” in public housing, Massachusetts has developed the Supportive Senior Housing Initiative, which brings some of the benefits of assisted living developments to the residents of state-funded elderly public housing. Jointly developed by DHCD and the Executive Office of Elder Affairs, the program helps seniors to “age in place” by providing access to supportive services on-site and round-the-clock supportive staff presence at their housing developments. Currently there are supportive housing sites in 22 communities, containing 3,043 units of state-aided housing throughout the state.

- **Public Housing for Persons with Disabilities**

- Expected FY 2006 Funding: (included in Public Housing Operations)*

DHCD continues to have an on-going dialogue with the Department of Mental Health (DMH) around the operation of the more than 65 developments exclusively serving DMH consumers. Issues around rent structure, property up-keep and improvements, and changing service models are all being reviewed in an effort to better serve residents of these developments (built originally under MGL Chapters 689 and 167). Housing authorities will also continue to be involved in plans and programs to address homelessness. Since many disabled people prefer to receive services in their homes, DHCD will continue to support collaboration between housing authorities and human service providers, especially those funded through the Department of Mental Retardation, to address the array of issues and concerns facing public housing special needs tenants.

DHCD has also worked with the Statewide Head Injury Program (SHIP) of the Massachusetts Rehabilitation Commission (MRC) to reprogram underutilized congregate units as shared housing for persons with head injuries. SHIP provides the necessary case management and residential/day supports in these units. Additionally, MRC provides case management services through its Turning 22 and Adult Supported Living Programs to assist consumers with Personal Care Assistance (PCA) management and accessing other supports as needed. Thus far, DHCD and MRC have worked with the Local Housing Authorities in West Springfield, Marshfield, Northampton, Wilbraham and Pittsfield.

Rental Assistance Programs

Expected FY 2006 Funding: \$29,283,345

Administering Agency: DHCD, Division of Public Housing & Rental Assistance (617) 573-1150

Massachusetts Rental Voucher Program (MRVP): The Commonwealth allocated \$26,283,345 for the MRVP in FY 2006. The MRVP is administered on the local level by more than 125 local housing agencies and remains one of the largest state-financed rental assistance programs in the nation. Currently, there are over 7,400 MRVP subsidies under contract with local housing agencies. An MRVP applicant's net household income cannot exceed 200 percent of the federal poverty level. Households eligible for the MRVP receive either a project based voucher or mobile voucher.

- A project-based voucher allows an eligible household to live in a unit (the subsidy is assigned to the unit/development). If the household in such a unit chooses to relocate, the subsidy remains with the unit, and another eligible household is referred for occupancy. Project based vouchers allow the participating household to receive a subsidy based on a fixed percentage of household income (40% if the unit rent includes heat, 35% if the heat is not included).

- A mobile voucher is assigned to a participant, rather than a specific unit, and allows the holder to live in private leased housing anywhere in the Commonwealth. A voucher's value depends on geographic location, income level, and household size, with the subsidy paid directly to the owner by the housing agency; the household pays the difference between the voucher value and the rent charged for the property. Although the voucher amount can vary, a tenant share is capped at 40 percent of their household income.

Alternative Housing Voucher Program (AHVP): AHVP was created in 1995 to provide transitional assistance to people under age 60 with disabilities who choose to relocate from state-aided Chapter 667 public housing or who are on the waiting list for such housing. The program was created in conjunction with a new state policy enacted at that time that allowed housing authorities to give preference in placement in Chapter 667 housing so as to achieve a mixed population of elderly households in 86.5 percent of the units and handicapped households in 13.5 percent of the Chapter 667 units. Eligibility for AHVP is similar to the eligibility criteria for the state's Chapter 667 elderly/handicapped housing. All AHVP vouchers are mobile and may be used throughout the state. This program was allocated \$3 million in FY 2006, which will serve approximately 435 households.

Like the larger MRVP, the AHVP is administered by local housing authorities. The tenant rent share is calculated in the same manner as in the Chapter 667 program – either 25 or 30 percent of net household income, depending on whether all utilities are included in the rent.

Residential Assistance for Families in Transition Program (RAFT)

Expected FY 2006 Funding: \$5,000,000

Administering Agency: DHCD, Division of Public Housing & Rental Assistance (617) 573-1150

The Massachusetts Legislature and the Romney Administration approved legislation creating the RAFT Program in FY 2005. The program provides short term, limited financial assistance which will enable families to retain housing, obtain new housing or otherwise avoid homelessness. DHCD contracts with nine Regional Non Profit housing agencies (RNPs) to administer the program on the local level. Interested applicants must apply for assistance at one of the Housing Consumer Education Centers (HCEC) operated by one of the RNPs. A list of the HCECs is available on line at www.masshousinginfo.org.

Applicants must be families who are homeless or at-risk of becoming homeless because they cannot afford housing costs without financial assistance. Program Participants must have incomes at or below 50 percent of area median income and include a dependent child or a family member with a disability. Eligible use of funds include: security deposits, first and last month's rent, utility payments, rent arrearages, transportation related expenses if necessary for employment, and other housing related expenses deemed necessary by the RNP to ensure that families moving from a shelter environment are able to obtain to their own apartment.

Soft Second Loan Program *

Expected FY 2006 Funding: \$5,000,000

Administering Agency: Massachusetts Housing Partnership (MHP) under contract to DHCD (617) 330-9955

The DHCD and MHP Soft Second Loan Program is a joint initiative of the public and private sectors to help eligible buyers purchase their first homes. During FY 2006, DHCD and MHP expect to invest \$5 million in state funds to support Soft Second loans. The program is established

at the local level with potential buyers working with participating lenders and local officials to determine their eligibility. The program combines a conventional first mortgage with a subsidized second mortgage to help low- and moderate-income households qualify for a mortgage and purchase a home for the first time.

Buyers obtain a bank mortgage for 75 percent of the purchase price and the Soft Second program provides a second mortgage for 20 percent of the price. The interest on the second mortgage may be subsidized for 10 years. The public investment is secured by the junior mortgage repayable at the time of resale or refinancing. The program is funded from the Housing Stabilization Fund.

State Housing Assistance for Rental Production (SHARP)

In FY 2003 the Commonwealth provided \$14,432,625 in mortgage interest subsidies to support approximately 4,100 affordable units located in 82 SHARP projects throughout Massachusetts. Since that time, the state has not appropriated additional funds; however, MassHousing has used its resources to maintain the program. MassHousing can be contacted at (617) 854-1000.

Tenancy Preservation Program

Expected FY 2006 Funding: \$ 1,212,836

Administering Agencies: Housing Court Department. of the Massachusetts Trial Court

Funding by: MassHousing, DHCD, DMH, DMR, DPH, DTA, EOE

The Tenancy Preservation Program (TPP) is a homelessness prevention program for persons with disabilities, operating in collaboration with the Housing Court Department of the Massachusetts Trial Court. TPP functions as a neutral party to the landlord and tenant, providing clinical consultation services to the Housing Court. TPP improves the ability of the Housing Court to offer reasonable accommodation to disabled tenants.

TPP targets individuals and families, where a disability is present (e.g. mental illness, substance abuse, issues related to aging, etc.) and directly related to the reason for eviction. TPP clinicians assess the reasons for the eviction, identify needed services, develop a treatment plan to maintain the tenancy, and monitor the case for as long as is necessary. If the case involves the Housing Court, then TPP will make regular reports, including violations of agreements, to all parties involved in the case (i.e. the Court, property owner, and tenant).

If tenancy cannot be preserved, then TPP coordinates the tenant's transition to a more appropriate placement, preventing homelessness whenever possible. TPP is a voluntary program and participants may terminate their involvement at any time.

The TPP Statewide Steering Committee is chaired by Judge Dina Fein and has representatives from state agencies, service and housing providers, legal services, and other interested parties. Individual programs are guided by Local Advisory Committees consisting of the local counterparts to the entities serving on the Steering Committee.

Transit Oriented Development

Expected FY 2006 Funding: \$5,000,000 to \$10,000,000

Administering Agency: Executive Office of Transportation, in cooperation with the Office for Commonwealth Development and the Department of Housing and Community Development

Transit-oriented development (TOD) is compact, walkable development centered around transit stations. Generally including a mix of uses—such as housing, shopping, employment, and recreational facilities—TOD is designed with transit and pedestrians as high priorities, making it possible for visitors and residents to move around without complete dependence on a car.

TOD represents an opportunity for communities all across Massachusetts to enhance their quality of life. With TOD, parking lots and underutilized land near public transportation can be turned into vibrant mixed-use districts, diverse housing, and lively public places. As one of several smart growth tools being promoted by Governor Romney, TOD also contributes to achieving the Commonwealth's ten Sustainable Development Principles, such as concentrating development, providing transportation choice, expanding housing opportunities, and redeveloping existing sites before building on new ones.

The TOD Infrastructure and Housing Support Program — or TOD Bond Program — will provide financial assistance for pedestrian improvements, bicycle facilities, housing projects, and parking facilities within 1/4 mile of transit stations. Specific features of this program include:

- Multi-year funding to finance pedestrian improvements, bicycle facilities, housing projects, and parking facilities in mixed use developments located within ¼ mile of a transit station.
- At least 25 percent of the units in housing projects must be affordable to households earning up to 80 percent of the area median income.
- Priority will be given to projects that are part of, or proximate to, an existing or proposed high quality TOD.

State Resources

Financial Resources from Other Sources

Community Preservation Act (CPA)

The CPA allows communities, at local option, to establish a Community Preservation Fund to preserve open space, historic resources and community housing, by imposing a surcharge of up to 3 percent on local property taxes. The state provides matching funds from its own Community Preservation Trust Fund, generated from an increase in certain Registry of Deeds' fees. To date 75 communities have adopted the CPA and the Trust Fund has grown to over \$100,000,000, due to the robust home buying market and high level of refinancing activity over the past three years. Almost 40 percent of the funds committed to date have been for affordable housing initiatives.

District Increment Financing (DIF)

Administering Agency: Massachusetts Office of Business Development (617) 973-8600

The DIF program is a public financing alternative available to all cities and towns in the Commonwealth. It enables municipalities to fund public works, infrastructure, and development projects by allocating future, incremental tax revenues collected from a predefined district to pay project costs.

The DIF program is locally driven and approved by the Economic Assistance Coordinating Council (EACC). The municipality must define the district and document a development program describing, among other things, how the DIF will encourage increased residential, commercial and industrial activity within the district. It must also detail the project improvements, financing plans, and community benefits. After the local public hearings and approvals, the municipality must submit an application to the EACC for final approval prior to implementing the program.

The municipal investment is designed to stimulate private investment which, in turn, increases the taxable value of property and generates the incremental taxes.

- No new taxes are levied, and the DIF does not reduce or redirect current property tax revenues.
- Cities and towns are eligible to utilize this financing alternative without qualifying as open-blighted, decadent, substandard, or economically impaired.
- The DIF empowers municipalities to forward public purpose while assisting their private partners in accomplishing their goals.
- Financing terms are negotiable and can be tailored to suit the situation.

The DIF program is available to all cities and towns in the Commonwealth of Massachusetts that have projects meeting DIF regulations and guidelines.

Priority Development Fund

Expected FY 2006 Funding: \$15,000,000

Administering Agency: MassHousing

The Priority Development Fund was created in 2004 with \$100 million to help to increase the supply of mixed-income, primarily rental, housing. Funds will be used in conjunction with

MassHousing mortgage loans, primarily as a “gap filler” to help achieve financial viability for housing development proposals that reserve at least 20 percent of the units for low-income residents. Preference is given to proposals that adhere to Smart Growth principles. Twenty-two million dollars will be set aside for construction of mixed-income housing around transit nodes. In addition, \$3 million has been made available for comprehensive planning for communities seeking to develop affordable housing plans consistent with the Commonwealth’s Smart Growth principles, and \$75 million will be for mixed-income housing throughout the state (minimum of 20 percent for low income).

State Low Income Housing Tax Credit Program

Expected FY 2006 Funding: \$4,000,000

Administering Agency: DHCD Division of Housing Development (617) 573-1300

In 1999, Massachusetts established a program similar to the Federal tax credit program, targeted to investors with Commonwealth of Massachusetts tax liabilities. Since that time, the program has supported the creation of approximately 2,300 homes, nearly 65 percent of which are affordable. An additional \$100 million over five years was approved in 2004. The state tax credits piggy-back on top of the federal credits; they do not represent additional units.

Tax Increment Financing (TIF)

Administering Agency: Massachusetts Office of Business Development (617) 973-8600

Massachusetts' version of Tax Increment Financing allows municipalities to provide flexible targeted incentives to stimulate job-creating development. The TIF Plan, completed by the municipality, describes proposed public and private investment in the TIF Zone, and is agreed upon by the municipality and all the private owners in the TIF Zone. The municipality and the prospective Certified Project candidate agree to a property tax exemption based on a percentage of the value added through new construction or significant improvement for a period of no less than five and no more than twenty years.

The real estate tax generated by the new increased assessed value is then allocated by the agreed-upon percentage of value added to one or more of three categories. The categories are:

- Exemption from real estate taxes.
- Payment of real estate taxes.
- Payment of betterment fee in lieu of real estate taxes to finance related infrastructure.

Each category, if necessary, may change from year to year. The percentage of allocation is calculated in a formal, negotiated agreement between the municipality and the Certified Project candidate. TIF serves to pass the tax savings on to property owners for use in project development, while ensuring that the development risk is borne by those parties as well.

Organizational Resources

State Agencies

Department of Elder Affairs (DEA)

The Department of Elder Affairs, within the Executive Office of Health and Human Services (EOHHS), operates many of the state agencies that perform planning functions related to the elderly. The agency is responsible for regulating the state's 181 assisted living residences (11,602 units) that house elders and disabled persons. Assisted living residences at a minimum must provide room, board, assistance with personal care services, and other activities of daily living. It also funds an Assisted Living Ombudsman Program, designed to respond to concerns of residents in these facilities and their families.

In conjunction with DHCD, DEA developed the Supportive Senior Housing Initiative that creates an "assisted living like" environment in public, elderly housing. With additional state funding and through its statewide network of Aging Services Access Points, DEA provides 24 hour on-site personal care, one meal per day, case management, service coordination, and activities for residents of selected developments. The initiative is currently operating in 22 developments containing 3,034 units. DEA also funds service coordinators at 54 congregate housing sites with 709 units. Most of these sites are located in DHCD's Chapter 667 state-aided elderly housing complexes. The goal of Congregate Housing is to increase self-sufficiency through the provision of supportive services in a residential setting. Services are made available to aid residents in managing Activities of Daily Living in a supportive, but not custodial environment.

Department of Housing and Community Development (DHCD)

Massachusetts DHCD is *the state's lead agency* for housing and community development programs and policy. It oversees the state-funded public housing, administers rental assistance programs, provides funds for municipal assistance, and funds a variety of programs to stimulate the development of affordable housing, as well as community development. (See Institutional Structure and Coordination in Section 4 of the five year plan for a complete description of the Agency.)

Department of Mental Health (DMH)

Massachusetts DMH, an agency within EOHHS, is the state's key provider of services to people with psychiatric disabilities, primarily through day programs, treatment and counseling services, and community-based housing. Its budget includes funds to assist homeless clients through outreach, shelter and transitional housing programs and to provide services for clients in community-based housing, as well as some funds for rental assistance.

Department of Mental Retardation (DMR)

Massachusetts DMR, an agency within EOHHS, is the state's key provider of services for people with mental retardation, primarily through a variety of social service programs and community-based housing. Like DMH, its budget includes funds to develop and staff community based residences and subsidize the living costs of the residents.

Department of Public Health (DPH)

Massachusetts DPH, an agency within EOHHS, is the state's key agency for public health programs, including lead paint poisoning prevention, emergency and longer-term substance abuse treatment programs, programs for children at risk for developmental or other disabilities, programs for people with chronic medical problems and services for people living with AIDS. Its budget

includes limited funds for the housing needs of its consumers, including supportive housing services and rental assistance.

Department of Public Health HIV/AIDS Bureau

During fiscal year 2006, the HIV/AIDS Bureau of the Massachusetts Department of Public Health (DPH) will continue to fund the twenty-eight supportive housing programs (418 units) that are currently funded (twenty-two congregate/clustered programs and six scattered-site programs). In addition, the HIV/AIDS Bureau plans to continue to fund the DPH Rental Assistance Program, a program that subsidizes 15 units (without specific supportive services attached) in the Metro-Boston area using state funds appropriated to DPH and administered through DHCD and the Boston Housing Authority. In addition to state funds, the HIV/AIDS Bureau will continue to support the programs funded by HOPWA discussed on page 11. The HIV/AIDS Bureau funds a total of thirty-one AIDS housing or housing-related programs.

Department of Social Services (DSS)

Massachusetts DSS, an agency within EOHHS, funds most of the state's social services for families and children, including services and shelters for battered women, protective services for children, adoption, foster care and day care programs. Its budget includes limited funds for emergency shelter programs for children, adolescents and victims of domestic violence as well as transitional housing programs and rental assistance for specialized housing. Cases are handled in 26 area offices.

Department of Transitional Assistance (DTA)

Massachusetts DTA provides financial assistance and services for low income families and individuals. In addition to administering the Temporary Aid for Families with Dependent Children (TAFDC) program which replaced AFDC under state welfare reform, EAEDC (Emergency Aid to the Elderly, Disabled and Children) and food stamp programs, it is a key provider of homeless services. It provides homeless beds and services through two major programs: the Emergency Assistance Family Shelter Program and the Individual Shelter Program (*see State Financial Resources for additional information*).

DTA administers a Homeless Management Information Systems (HMIS) which addresses each of the requirements Congress and HUD have directed to obtain data on the extent of homelessness and the effectiveness of the McKinney Act Programs. The goal of the HMIS requirement is that HMIS service providers will inform the public policy debates on the numbers characteristics and service needs of the chronically homeless, sheltered homeless and unsheltered homeless individuals and families. An HMIS includes:

- Developing unduplicated counts of clients served at the local level;
- Analyzing patterns of use of people entering and exiting the homeless assistance system; and
- Evaluating the effectiveness of these systems for data collection and reporting of information on homeless individuals and families. DTA's HMIS is a web-based computerized data collection tool specifically designed to capture client level system-wide information over time on the characteristics and service needs of men, women, and children experiencing homeless.

Department of Veterans Services (DVS)

Massachusetts DVS, an agency within the Executive Office of Health and Human Resources, oversees a variety of programs for veterans of the Armed Services, including outreach centers,

shelters and transitional housing for homeless and formerly homeless veterans and their families. In 2006, DVS expects to provide \$19,200,000 to support programs that focus on homelessness prevention, emergency shelter, transitional and permanent housing for veterans of the military who are homeless. Funding is provided to DVS-sponsored non-profit organizations managed and staffed by veterans--the hallmark of the DVS approach. Service models emphasize veterans helping veterans. Through grants from the US Department of Labor's Veterans' Employment and Training Programs, DVS expects to receive \$430,308 this fiscal year for job training, case management, job search assistance and housing services for homeless and non-homeless veterans.

DVS maintains a Housing Advisory Board (HAB) that shares information about housing programs that benefit homeless veterans. The HAB is made up of veterans, some of who were formerly homeless, who provide housing and/or services to veterans. At the meetings, members review programs and proposals to provide housing and services to veterans, focusing on providing housing and services for homeless veterans. DVS-supported housing developments often result in the rehabilitation and contribute to the stabilization of neighborhoods.

Department of Workforce Development (DWD)

The mission of the Department of Workforce Development (DWD) is to enhance the quality, diversity and stability of the Commonwealth's workforce by serving the needs of job seekers and employers in the state. DWD is responsible for the implementation of the federal Workforce Investment Act (WIA), which integrates various state and federal programs into a seamless delivery system. The majority of programming under the Department of Workforce Development is coordinated and implemented by 16 Local Workforce Investment Boards (WIB), which deliver services through the 32 One-Stop Career Centers located across the state. This system provides job seekers with job development and placement services, career-oriented workshops, referrals to education and training, as well as customized services for businesses. The Department's Division of Career Services (DCS), formerly the Division of Employment and Training, operates employment service programs, the Workforce Training Fund, and oversees the state's 32 One-Stop Career Centers. In fiscal year 2004, the Career Centers served more than 160,000 individuals and over 12,000 businesses.

The Massachusetts Workforce Investment Board serves as the Governor's advisory board on workforce development. It is comprised of private sector business representatives, legislators, and representatives from state and local workforce development entities including the Department of Workforce Development, Department of Economic Development, Division of Career Services, Department of Transitional Assistance, Department of Education, Department of Higher Education, Massachusetts Rehabilitation Commission, Commonwealth Corporation, and Massachusetts Workforce Board Association.

Division of Capital Asset Management and Maintenance (DCAMM)

DCAMM is the state agency within the Executive Office of Administration and Finance responsible for major public building construction and real estate services for the Commonwealth. It manages the redevelopment of over 3,700 acres of surplus state property. DCAMM has been working with all state agencies to identify state-owned surplus property that is no longer mission critical that could be put into good productive use for housing, economic development, and open space.

Executive Branch Steering Committee and Olmstead Advisory Committee

The Executive Branch Steering Committee, composed of the Secretaries and Commissioners of the key human service agencies, is charged with overseeing the implementation of *Enhancing*

Community Based Services, Phase One of Massachusetts' Plan, the Commonwealth's strategy for enhancing community-based services Massachusetts residents with long-term support needs and complying with the Olmstead Decision. The Steering Committee designated An Interagency Leadership Team, designated by the Steering Committee, drafted the plan in consultation with the Olmstead Advisory Group. Its goals are: 1) to comply with the U.S. Supreme Court's 1999 *Olmstead* decision that gave people of all ages with disabilities the right to live in the community, outside of an institution, in the least restrictive setting possible; 2) to ensure that Massachusetts residents with long-term support needs have access to accessible, person-centered services and community options that maximize consumer choice, direction, and dignity; and 3) to enhance the availability, affordability, and accessibility of housing to enable individuals to live in the community.

Executive Office of Environmental Affairs (EOEA)

EOEA is the state agency that oversees all programs and policies relating to the environment. EOEA is made up of the Department of Conservation and Recreation, and the Departments of: Environmental Protection; Food and Agriculture; Fisheries, Wildlife and Environmental Law Enforcement; and Conservation and Recreation (created by the merger of the Department of Environmental Management and Metropolitan District Commission).

Executive Office of Health and Human Services (EOHHS)

EOHHS is the state office that includes many of the key agencies responsible for activities related to housing and community and economic development in Massachusetts. EOHHS agencies that address priority needs identified in the Consolidated Plan include: the Department of Transitional Assistance, the Department of Mental Retardation, the Department of Mental Health, the Department of Elder Affairs, the Department of Veterans' Affairs, the Massachusetts Rehabilitation Commission, the Department of Social Services, and the Department of Public Health. Within the Department of Public Health are the HIV/AIDS Bureau, the Childhood Lead Poisoning Prevention Project and the Bureau of Substance Abuse Services. (See Section 4, Institutional Structure of the five year plan for a complete description of the Agency.)

Executive Office of Public Safety (EOPS)

The administering agency for the State-funded Community Policing Grant Program, under which every city and town in the Commonwealth with a local police department, is eligible for Community Policing funding. Local police departments, acting in partnership with citizens, are encouraged to develop and enhance collaborative relationships with all appropriate branches of state, local, and federal law enforcement, government and regulatory agencies, private industry, schools, and community organizations for the purposes of arriving at a consensus on the crime and disorder problems within their particular communities and formulating strategies tailored to meet the particular needs of their communities.

Interagency Council on Homelessness and Housing

Established in November 2003 as the lead entity for the Commonwealth on homeless policy and planning, the Council is charged with improving the coordination of services and programs for homeless populations and for developing, implementing and monitoring initiatives to end homelessness. Its members include the Lieutenant Governor as Chair, Secretary of the Executive Office of Health and Human Services, the Secretary of Administration and Finance, Chief of Economic Affairs, Chief of the Office for Commonwealth Development, and the Commissioner of Education and Commissioner of Corrections.

Massachusetts Office of Business Development (MOBD)

MOBD works through five regional offices with companies and municipalities to drive job creation and retention by navigating and obtaining the technical, human, financial and siting resources necessary to expand and/or re-locate in Massachusetts. MOBD administers the Economic Development Incentive Program (EDIP), a state and local tax incentive program designed to reduce the cost of doing business for companies expanding or locating in Massachusetts. The EDIP program is a three-way partnership between the state, a municipality within an Economic Target Area (ETA), and a growing company under which the company may receive a local tax reduction and a 5 percent state investment tax credit in turn for its job creation and private investment. The incentive may range from 5 to 20 years and is available to any employer located in, or moving to, an ETA.

MOBD also administers the Commonwealth's District Improvement Financing Program. DIF enables municipalities to fund public works, infrastructure, and development projects within a defined district by allocating future, incremental tax revenues collected from a predefined district to pay project costs. It is available to all cities and towns within the Commonwealth that have projects which meet the program's regulations and guidelines. MOBD also serves as the portal to the Massachusetts Brownfields Redevelopment Fund, administered by MassDevelopment. Its website is www.mass.gov/mobd.

Massachusetts Rehabilitation Commission (MRC)

An agency within EOHHS, MRC offers a range of housing and housing-related services to assist people with disabilities to live independently in the community. The agency's goal is to develop housing and housing programs that meet the individual needs and preferences of people with disabilities. MRC funds the Supportive Living Program, Statewide Head Injury Program (SHIP) and the state's eleven nonprofit Independent Living Centers (ILCs).

MassDEP (formerly Department of Environmental Protection (DEP))

MassDEP, one of five agencies under the Executive Office of Environmental Affairs (EOEA), is the state agency responsible for protecting human health and the environment by ensuring clean air and water, the safe management and disposal of solid and hazardous wastes, the timely cleanup of hazardous waste sites and spills, and the preservation of wetlands and coastal resources. In conjunction with the Massachusetts Water Pollution Abatement Trust, DEP administers the State Revolving Funds (SRF) for water pollution abatement projects and drinking water protection projects. Programs Administered by MassDEP include: Clean Water SRF and Drinking Water SRF (see State Financial Resources).

Organizational Resources

Massachusetts Quasi-Public Agencies

Community Development Finance Corporation (CDFC)

CDFC is a quasi-public agency created in 1975 to provide flexible financing for small business, commercial development and housing ventures that are expected to provide a public benefit, such as increased employment and affordable housing opportunities in targeted low-income areas. The Agency works in partnership with community development corporations (CDCs). CDFC's website is: <http://www.mcdfc.com/>.

Community Economic Development Assistance Corporation (CEDAC)

CEDAC is a quasi-public entity created in 1978 to increase the amount of affordable housing and to foster the revitalization of economically distressed areas by providing a range of development assistance programs to nonprofit development corporations. The agency offers a range of programs that provide technical assistance and pre-development funding to nonprofit developers. In FY 2005, CEDAC committed \$12.5 million in pre-development and site acquisition loans to help nonprofit developers produce and preserve 2,189 affordable housing units. CEDAC also underwrites the Housing Innovations Fund and the Facilities Consolidation Fund loan programs for DHCD, and committed \$17.5 million from those programs in FY 2005. Under a contract from the HUD HOME program, CEDAC provides technical assistance to Community Housing Development Organizations (CHDOs), to build their capacity. CEDAC is a nationally-recognized leader in the preservation of Section 8 and other federally-assisted rental stock for low-income families.

CEDAC's affiliate, the Child Care Capital Investment Fund, provides loan and grant capital, and couples its financial resources with technical assistance, to help non-profit child care centers expand and improve their facilities. The Commonwealth Workforce Coalition (CWC), its workforce development program, brings together four of the major associations of community-based organizations statewide in the areas of education, training, and employment services: the Commonwealth Workforce Coalition (CWC) is comprised of the Massachusetts Association of Community Development Corporations (MACDC), the Massachusetts Association for Community Action (MassCAP), the Boston Workforce Development Coalition (BWDC), and the Job Training Alliance (JTA). CEDAC is online at: <http://www.cedac.org/>.

MassDevelopment (formerly Massachusetts Development Finance Agency, MDFA)

A quasi-public agency created in 1998 by the merger of the Government Land Bank of the Massachusetts Industrial Finance Agency, MassDevelopment serves as the state's investment bank and real estate development agency. It offers a variety of programs in support of economic development, large scale real estate development projects and brownfield clean-up including pre-development assistance, loans, loan guarantees, mortgage insurance and taxable and tax-exempt bond financing. Its programs can also be used for mixed commercial and residential projects. MassDevelopment's clients include eldercare, healthcare, manufacturing, and cultural and educational institutions. Along with MassHousing, the agency finances affordable housing development using four percent low income housing tax credits. It has also developed new options for financing smaller projects, such as the MATCH Program with Massachusetts Housing Partnership. There are approximately 2,900 units in MassDevelopment's pipeline at this time (2005). MassDevelopment's website is located at: <http://www.massdevelopment.com/>.

MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)

A quasi-public agency created in 1966 to help finance affordable housing programs. MassHousing sells both tax-exempt and taxable bonds to finance its many single-family and multi-family programs. Agency bonds have financed over 70,000 rental units in mixed income projects and over 35,000 home mortgages and home improvement loans. MassHousing oversees and regulates the properties it has assisted, and runs a number of other programs, some on behalf of HUD and DHCD. It administers both rental and home ownership programs that create and preserve affordable housing. Additional information is available online at: <http://www.masshousing.com>.

- Rental Housing: MassHousing's rental housing financing programs leverage a variety of federal and state resources including tax-exempt mortgage revenue bonds, Low-Income Housing Tax Credits, HOME funds, interest rate reduction subsidies, various rental assistance programs, as well as private equity. During FY 2005, MassHousing completed the final property disposition in the massive Demonstration Disposition program. This one-of-a-kind program has renovated 1,850 rental units in 11 federally subsidized rental housing developments in Boston's Dorchester, Roxbury, and South End neighborhoods. MassHousing projects that its financing for rental properties in FY 2006 will be approximately \$264 million.

Preserving the existing inventory of subsidized housing at risk of conversion to market rate represents a steady share of MassHousing's new business. Of the \$264 million in financing commitments forecasted for FY 2006, \$88 million will be targeted to the refinancing of an estimated 2,800 units in existing developments with expiring use restrictions and/or subsidy contracts. The agency offers various refinancing programs that maintain and extend affordability in existing properties and address the capital needs of what are now aging buildings. Through its Section 202 Refinancing Program, it funds needed repairs and supportive services for an aging-in-place population.

- Home Ownership: MassHousing's home ownership programs serve low-and moderate-income first-time homebuyers in Massachusetts. Funded from the proceeds of Mortgage Revenue Bonds (MRBs) and other capital sources, MassHousing provides prospective homebuyers with a zero-, one-, or two-point mortgage product that is priced an average of 75 basis points below conventional rates, with flexible underwriting standards, and little or no money down. Loans are originated through a network of banks and mortgage companies throughout the Commonwealth. Production in this program is typically \$200 million annually. The Agency also administers a variety of second mortgage products that enable low-and moderate-income homeowners to make needed repairs (e.g., de-leading and lead paint abatement; repairs to and replacement of septic systems; retrofitting of properties to make them accessible to family members with a physical disability). Activity in these programs is approximately \$8 million annually.

Massachusetts Housing Partnership (MHP)

MHP is a quasi-public agency financed by the banking industry to support affordable housing and neighborhood development. MHP provides communities, local housing partnerships, and non-profit and for-profit developers with technical assistance and below-market financing to create affordable rental housing and homeownership opportunities throughout the Commonwealth. It offers several long-term fixed-rate financing programs at favorable interest rates for rental properties of 5 or more units to for-profit and nonprofit developers; terms are for up to 20 years

and amortization is for up to 30 years. Loan amounts are from \$250,000 to \$15 million, or as low as \$100,000 if part of a community redevelopment effort. Using these various permanent financing products, MHP expects in FY 2006 to provide permanent financing commitments of \$55 million for approximately 1,250 housing units, mostly in mixed-income developments. Of the 1,250 units, MHP expects 550 units to be new construction and at least 600 of the units to be affordable to households at or below 60 percent of AMI.

MHP also administers the SoftSecond Loan Program, which is funded by the Department of Housing and Community Development (See details under State Programs). The program provides second mortgage loans to low- and moderate-income first-time homebuyers to reduce their first mortgage amounts and to lower their initial monthly costs. The program has assisted over 8,500 first-time homebuyers to date and expects 1,000 to utilize the program in FY 2006.

MHP provides on-going technical assistance and training to local, municipally appointed, housing committees and partnerships that are attempting to expand the supply of low and moderate income housing in their communities. It will also provide up to \$10,000 (per project) in third-party consulting services under the Chapter 40B Technical Review Assistance Program to help local Zoning Boards of Appeal and other municipal boards review proposed affordable housing developments seeking comprehensive permits pursuant to MGL c.40B. The program was developed in cooperation with DHCD and is funded by application fees from developers seeking Determinations of Project Eligibility from MassHousing, MHP, DHCD, and MassDevelopment. MHP expects to provide \$195,000 in assistance in 2006 to support review of approximately 30 proposals. MHP will also produce educational materials for local officials.

In FY 2006, MHP also began administering a three year Production Capacity Grant program using Bank of America grant funds. The grants aim to increase non-profit affordable housing development throughout the Commonwealth by supporting and strengthening the staffing capacity of non-profit developers. The MHP website is: <http://www.mhp.net/>.

Organizational Resources

Community Partners

Community Action Agencies (CAAs)

CAAs are publicly and privately funded agencies that provide social services, such as fuel assistance, daycare and education to low income residents. By law, the State must distribute at least 90 percent of its federal Community Services Block Grant funds to CAAs. The State also contracts with CAA's to operate its fuel assistance and weatherization programs. Some Massachusetts CAAs are involved in the development and management of affordable housing.

Community Development Corporations (CDCs)

There are more than 60 CDCs engaged in local housing and economic development activities in Massachusetts today. Although CDCs vary in size and scope, most are nonprofit, tax exempt 501(c)3 organizations. Under Massachusetts law, CDCs must be located in and serve a designated community where the median family income is below 85 percent of the regional median family income.

Local and Regional Housing Authorities (LHAs)

Housing authorities are established by a city or town, or group of towns, in accordance with state law to provide low income family or elderly housing.

NeighborWorks Network Organizations (NWOs)

NWOs are a nationwide network of community-based, locally-controlled nonprofit organizations that develop programs to increase affordable housing, promote resident leadership and community economic development. There are 13 NWOs in Massachusetts including CDCs and Neighborhood Housing Services (the predecessor to NeighborWorks). NeighborWorks is online at: www.nw.org.

Regional Competitiveness Councils (RCCs)

Established in 2003 by Governor Romney, the seven RCCs are comprised of business, community and education leaders charged with boosting jobs and economic growth in their regions. The RCCs have been conducting in-depth analyses of their region's economic climate; assessing local abilities to attract new companies; identifying which companies and jobs are currently at risk; and devising a strategy to turn a region's resources – human capital, infrastructure and financial investments – into the greatest economic opportunity. The councils represent the following regions of the state: Berkshires, Cape and Islands, Central, Northeast, Pioneer Valley, Greater Boston and the Southeast.

Regional Non-Profits

Massachusetts has nine private, non-profit housing agencies who administer the Section 8 program on a statewide basis, under contract with DHCD; in communities without participating LHAs, they also administer the Massachusetts Rental Voucher Program (MRVP). Each agency serves a wide geographic region. They also develop affordable housing and run housing rehabilitation and weatherization programs, operate homeless shelters, run homeless prevention and first-time homebuyer programs, and technical assistance and training programs for communities.

Regional Planning Agencies (RPAs)

RPAs are public agencies that coordinate planning within thirteen designated regions of the state. They are empowered to undertake studies of resources, problems, possibilities and needs of their districts. They provide professional expertise to communities in areas such as master planning, affordable housing and open space planning, and traffic impact studies. With the exception of the Cape Cod and Nantucket Commissions, however, which are land use regulatory agencies as well as planning agencies, the RPAs serve in an advisory capacity only.

Organizational Resources

Other Resources

Boston Community Capital (BCC)

BCC is a community development financial intermediary that invests in projects that provide: affordable housing, good jobs, needed goods and services, and new opportunities for people who have been locked out of the economic mainstream. The capital that BCC invests comes from socially concerned investors and donors – individuals, religious organizations, banks, foundations and corporations. BCC operates through its two affiliates:

- Boston Community Loan Fund provides loans to organizations and private developers for projects that provide housing, community facilities, and social services for low-income people and neighborhoods.
- Boston Community Venture Fund makes equity investments in high-potential, emerging businesses that create a "double bottom line" of financial and social return to strengthen and build businesses that help to build healthy communities.

BCC is a certified community development financial institution (CDFI) that serves low-income communities throughout Massachusetts.

CDFIs are organizations certified by the US Department of the Treasury as lending institutions with a primary mission of promoting community development. They provide a wide range of financial products and services, including mortgage financing, commercial loans, financing for community facilities, and financial services needed by low income households. In addition to BCC, there are a number of other CDFIs in Massachusetts that support the Consolidated Plan objectives.

Federal Home Loan Bank of Boston (FHLBB)

The Federal Home Loan Bank of Boston is one of the 12 district banks in the Federal Home Loan Bank System. It is a wholesale bank (a bank for banks), that provides access to credit for its members and administers several programs to promote community development and expand affordable housing. The FHLBB covers the six New England states and is owned by more than 460 New England financial institutions. It offers several programs, the two principal ones being the Affordable Housing Program (AHP) and the New England Fund (NEF):

- Affordable Housing Program (AHP): All FHLBs are required to allocate 10 percent of their yearly net profits to a subsidy pool that provides discounted loans, and in some cases, grants, to member institutions. Members use these funds to support initiatives to develop and preserve affordable rental or ownership housing in their communities for households earning at or below 80 percent of the area median income. On average over the past five years the FHLBBoston has awarded approximately \$7.1 million in AHP funding to 25 Massachusetts projects. AHP funds are awarded in semi-annual competitive application rounds.
- New England Fund (NEF): An affordable housing program of the FHLBB, under which advances (loans) are made to member financial institutions to finance affordable housing.

NEF has become one of the most widely used programs for the development of new mixed income ownership housing under the comprehensive permit.

- Equity Builder Program (EBP): The Federal Home Loan Bank of Boston's EBP offers members grants to provide households with incomes less than 80 percent of the area median income with down-payment, closing-cost, home-buyer counseling, and rehabilitation assistance. Members can also use EBP grants to match eligible buyers' savings under an IDA-type program.
- Community Development Advance Program: Whether a community needs capital for small businesses, fixed-rate financing for affordable housing, or improvements to local roads or schools, members can turn to the Federal Home Loan Bank of Boston's Community Development advances.
- Advances for Affordable Housing: Members can tap Community Development advances to help finance the purchase, construction, rehabilitation, or predevelopment financing of affordable housing.
- Advances for Economic Development: Members can use Community Development advances to support a wide range of economic-development initiatives, including loans for small businesses, social-service or public-facility initiatives, and infrastructure improvements. These advances can also be used to fund commercial, industrial, and manufacturing initiatives.
- Advances for Mixed-Use Initiatives: Community Development advances can also be used to finance projects that involve a combination of economic-development and affordable housing.

Home Funders

A group of private and public organizations joined together in 2003 to create a \$26 million fund to support the creation of housing for very low income families. Home Funders pools private dollars to make low-interest loans and grants to build housing where at least 30 percent of the units are reserved for extremely low income families. Loans are distributed through the Massachusetts Housing Partnership and CEDAC. Nearly \$20 million has been committed to the fund to date and it has made its first loans.

Local Initiatives Support Corporation (LISC)

Local Initiatives Support Corporation is a national nonprofit organization established to help resident-led, community-based development organizations transform distressed communities and neighborhoods into healthy ones. By providing capital, technical expertise, training, and information, LISC supports the development of local leadership and the creation of affordable housing, commercial, industrial and community facilities, businesses, and jobs.

Massachusetts Housing Investment Corporation (MHIC)

MHIC is a private, 501(c)(3) non-profit corporation that provides a variety of financing products for affordable housing and community development projects in Massachusetts. Its products include a variety of loan types, equity investments in housing projects that qualify for federal Low Income Housing Tax Credits (LIHTCs), and equity investments in commercial community development projects that qualify for federal New Markets Tax Credits.

MHIC loan products include pre-development, acquisition, construction, permanent, mini-perm, and bridge loans. Amounts, rates and terms vary by product type. Typically, loan sizes range from a minimum of \$100,000 to a maximum of \$10,000,000. MHIC works with both for-profit and non-profit developers, financing both rental and ownership projects. The agency is a leading purchaser of federal and state LIHTCs and historic tax credits in Massachusetts. It provides technical assistance in structuring LIHTC transactions and has a proven record of assisting project partnerships confronted with unanticipated problems. Investment amounts typically range from \$500,000 to \$10,000,000, and project types include new construction, rehabilitation, and adaptive reuse for family, elderly, and special needs.

MHIC also administers the New Markets Tax Credit program (NMTC), the most recent federal incentive for community development, directed toward commercial development in targeted neighborhoods. Product types include loans and equity investments for businesses engaged in the development of a wide range of commercial real estate, including mixed-use properties, office and retail space, and community, cultural, and health centers. For more information visit MHIC's website at: <http://www.mhic.com>.

Property and Casualty Initiative (PCI)

PCI is a private community development loan fund capitalized by a consortium of twenty-six Massachusetts property and casualty insurance companies in 1999. PCI lends to a range of community development projects including affordable housing. It makes most of its loans directly, but may also participate with other community lenders.

The Life Initiative (TLI)

TLI is a private community investment fund capitalized by a consortium of eleven Massachusetts life insurance companies in 1998. It invests in a range of community development activities including affordable housing, channeling most (about two-thirds) of its loans and investments through community loan funds and intermediaries.